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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

COUNTRY Iraq

SUBJECT Comments on Economic and Business Conditions

PLACE ACQUIRED (BY SOURCE) Iraq

25X1A

DATE ACQUIRED (BY SOURCE)

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1. Local persons with money have no courage to invest their funds in industrial enterprises; they are perfectly willing to let the government undertake such work. There is an industrial bank, but it had misunderstood its function, which was to lend money for enterprises. Instead, it had tried to actually operate various businesses, and because of this misunderstanding, it was not being fully utilized.

2. I inquired what the significance was of the change in the irrigation department, by which [redacted] had been dismissed as Director and had been replaced by Dr Hassani, an Iraqi. The reply was that the change had great significance for private engineering firms, particularly US engineering firms, because [redacted] had been anti-consultants, and especially anti-US consultants. The result has been that under [redacted] reign, the irrigation development had lagged, although there were millions of acres of land to be developed. With the change in government, [redacted] went out, and now US firms should be able to show what they can do.

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3. [redacted]
4. The circulation of the local Arab-language press is small; the largest is perhaps six or seven thousand. Relatively little news is printed because the staff of the papers is too lazy to go and get news; they prefer to rely on government hand-outs, even when they oppose the government. The papers vary only in their editorial columns.

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5. There are 173 Ministers or former Ministers, all of whom carry the title of "Excellency" for life. Jobs have to be found for them, and this is difficult, for they must not lose face. An ex-Minister cannot descend to the lowly rank of "Director," for example.
6. Iraq does not really have a party system, or party responsibility. The thinking is that no party should ever become too strong; if it did, it might threaten the institution of the royal family.

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